



2455 Paces Ferry Rd. N.W. • Financial Services • Atlanta, GA 30339-4024

December 22, 2010

Jennifer J Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Proposed Rule Amending Regulation Z  
Docket No. R-1393 and RIN No. 7100-AD55; Proposed Revisions to Ability to Pay  
Requirements for Individual Credit Accounts

Dear Ms. Johnson:

This letter is submitted on behalf of The Home Depot in response to the proposed revisions to the Ability to Pay Requirements for Individual Credit Accounts that require card issuers to consider an applicant's individual, independent income rather than his or her household income when evaluating his or her ability to make the required payments before opening a new account or increasing the limit on an existing account. In short, The Home Depot strongly believes that credit issuers should be permitted to consider all household income when evaluating an applicant's ability to repay.

The Home Depot is committed to providing great value to its customers. Access to credit is an important part of that value proposition because it provides an additional payment option for both planned and unplanned repairs, especially in times of emergency and natural disasters. To that end, The Home Depot is proud to partner with Citibank to responsibly provide credit to those who choose to use our credit program which has a deferred interest feature providing customers an extended period to pay, interest free.

As it relates to the proposed rule amending Regulation Z, The Home Depot fully supports underwriting guidelines that consider an applicant's ability to make the required payments. However, under the proposal as drafted, credit card issuers would not, as a general matter, be permitted to consider an applicant's household income when determining the consumer's ability to pay the obligations incurred by the consumer under the account. When making a determination about an applicant's ability to pay, a credit card issuer would be required to consider only the applicant's individual, independent income. Unfortunately, the proposed rule would ONLY permit a credit card issuer to consider spousal income where the applicant's spouse is not a joint applicant or joint accountholder if a federal or state statute or regulation grants the applicant an ownership interest in that income or those assets.

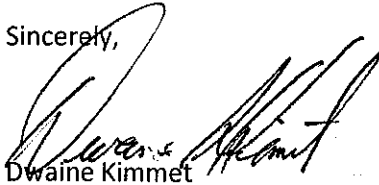
Therefore, under these proposals, many consumers will be unfairly evaluated and unable to access the credit that they need. The impacts on consumers as the rule is currently drafted will be widespread and negative. Specifically, when considering an application for credit by a spouse that is not employed outside the home, he or she would be burdened with all jointly held household debt without having the benefit of all jointly earned household income contributing to that debt. As a result, he or she would likely no longer have individual access to our revolving credit product to make either planned or unplanned purchases.

Moreover, in a household where both parties are gainfully employed outside the home, both could be negatively impacted because the spouse independently applying for credit would again be responsible for all jointly held household debt without having the benefit of all the household income available to repay that debt. As such, access to credit could be denied for those having both the ability and intent to repay, but who fail the capacity to pay requirements as currently drafted.

Failure to consider household income when evaluating an individual's ability to pay will present a significant barrier to secure credit when burdened with all household debt. By limiting income to an individual's independent income, both approval rates and line assignments will be negatively impacted beyond the levels that currently exist. This will be particularly unfortunate for those in situations where emergency repairs are needed or in the unforeseen case of a natural disaster. As such, The Home Depot strongly encourages the Board to continue to permit the use of household income in the underwriting process.

We thank you for the opportunity to provide these comments and appreciate the focus and clarity you've provided on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwaine Kimmet", is written over a horizontal line.

Dwaine Kimmet  
Treasurer and VP, Financial Services  
The Home Depot